

**REMARKS**

Claims 1, 2, 4, and 10 have been rejected under 35 U.S.C. 102(b) as being anticipated by Schmidt '588. Schmidt '588 uses a simple planetary gear set at the input but does not disclose a lockup brake to absorb torque from the planetary element connected to the generator. Schmidt '588 also does not disclose a range splitter but, instead, switches the way the input planetary is connected to the other components. In particular, to obtain 2 ranges Schmidt '588 switches between the sun and the carrier when applying torque to the differential while in generator mode. A lockup brake is an element of amended claim 1, while a range splitter is the sole element of claim 7. It is believed that the amendments to claim 1 have eliminated the 35 U.S.C. 112 problems with the terms "input" and "output".

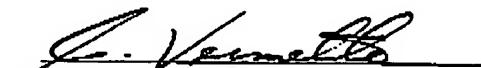
Claims 2, 9, 11-14 are rejected under 35 U.S.C. 103(a) as unpatentable over Schmidt '588. Since claim 1 has not been rejected for obviousness it is presumed that it is rejected only for an alleged lack of novelty. Since amended claim 1 is clearly novel over Schmidt '588, then claims 2, 9, and 11-14, which all depend on claim 1, are all allowable. Applicant's amended claim 1 recites a split speed clutch and a generator lockup brake, which are not found in Schmidt '588.

Accordingly, favorable re-consideration is respectfully solicited.

Respectfully submitted,  
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